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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 12, 2014

Rick Havenstrite
Desert Hawk Gold Corporation
1290 Holcomb Avenue
Reno, Nevada 89502

Subject: Deficient Amended Notice of Intention to Commence Large Mining Operations and Reclamation Surety, Desert Hawk Gold Corporation, Kiewit Mine, M/045/0078, Tooele County, Utah

Dear Mr. Havenstrite:

The Division of Oil, Gas and Mining has reviewed the referenced amended Notice of Intention to Commence Large Mining Operations (Notice) which was received July 18, 2014.

The Division reiterates the conditions included in the approval letter dated February 21, 2014:

1. Mining at the Clifton Shears will not exceed 20 feet in depth until the operator has completed additional rock characterization.
2. No mining may be done at the Yellow Hammer mine until the operator has completed rock characterization.
3. Mining at the Kiewit will include rock characterization as committed to in the Notice.
4. Backfilling and grading reclamation bond monies will not be released until the heap leach draw down has been completed.

The Division and Desert Hawk Gold have agreed that inconsistencies exist in the Notice and that any inconsistencies that impact regulatory authority decisions will be decided by the Division.

The comments listed below will need to be addressed before tentative approval may be granted for the pit expansion proposal submitted on July 18, 2014.

- a) Submit the Tooele County Conditional use permit, as per the July 22, 2014, e mail from Tooele County.
- b) Submit a copy of the original signed page 24 of the Ground Water Discharge Permit.
- c) On Figures 3, 3A, and 19, show the two areas north of the Yellow Hammer Mine on the maps and on the legends as "regraded, not yet revegetated." Also show the symbol (black hashed area) on the maps for the disturbed area in the legends on Figures 3 and 3A.
- d) On Figures 3, 3A, 5, and 19, show the road that has yet to be reclaimed north of the Yellow Hammer mine.

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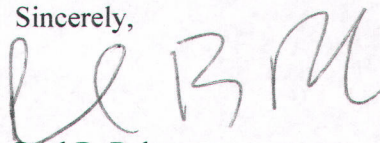
- e) On Figure 5, show the two areas north of the Yellow Hammer Mine on the figure and on the project disturbance chart. This is a new category for the project disturbance chart (regraded but not revegetated).
- f) Submit a new reclamation cost estimate to reflect the areas where regrading has been completed but revegetation is not yet successful, such as the areas north of the Yellow Hammer mine.
- g) Add disturbance from MW#3 on all applicable figures (3, 3A and 5). Also add this disturbance to the surety calculations.
- h) On Figures 6 and 7, include the outlines of the waste dump, growth medium stockpile, and the sediment ditch on the figures.
- i) Figure 15 is repeated throughout the appendices, but there are inconsistencies with the approved Figure 15 submitted on February 3, 2014. Please replace the outdated Figure 15 with the updated Figure 15 dated February 3, 2014, in each applicable appendix.
- j) Page 15 of the Notice notes a two-acre pond, but Figure 5 notes a 0.5-acre settlement pond. Please modify the chart and the text in the Notice to match the settlement pond design.
- k) Figure 6A is no longer needed as figure 7A is now inclusive.

Please continue to work with the Bureau of Land Management for approval of the proposed Kiewit pit expansion. The Division will request concurrence from the BLM for the surety amount when the amendment is complete.

The approval or acceptance of a complete notice of intention does not relieve an operator from his responsibility to comply with the applicable statutes, rules, regulations, and ordinances of all local, state and federal agencies with jurisdiction over any aspect of the mining operations.

Please keep the plan current by submitting changes using Form MR-REV which is available on the Division's web site at ogm.utah.gov. All future correspondence should reference M/045/0078. Thank you for your patience in finalizing this permitting action. Please contact Leslie Heppler at 801-538-5257 or me at 801-538-5261 if you have any questions regarding the issues in this letter.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB: lah: eb

cc: Stephen Allen, Salt Lake BLM (SAllen@blm.gov)
Wendy Shubert, Tooele County (wshubert@co.tooele.ut.us)

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